

MEMO

Date: August 22, 2017

RE: California – Proposed drug pricing law (SB17)

The key findings outlined below were drawn from a telephone survey of 1,023 California adults conducted August 4-9, 2017. A complete description of the methodology and demographics of the sample are at the end of this summary.

Overall Summary

Despite few people knowing anything about SB17, a majority initially support the proposed legislation, largely because there is a perceived need to do *something* to slow increases in health care costs. At the same time, people recognize that generics are not the issue when it comes to those health care costs. In fact, consumers feel that generics are reasonably priced, in contrast to brand medications, which are perceived to be unreasonably priced.

When presented with statements about the potential impacts SB17 would have on generic drug makers and therefore the patients who rely on generic medications, a substantial number of those initial supporters would no longer support the bill as is, and felt that generic and brand manufacturers needed to be treated differently. The primary reasons were the possible increase in generic medication costs, and the effect that would have on the most vulnerable (elderly/disadvantaged) patients.

In other words, 66% of Californians are unwilling to support SB17 in its current form.

Specific Findings

1. Health care costs are a concern, with insurance taking a lead over prescription drug costs.

When asked to rate how serious selected problems facing California were, residents rated “the cost of health insurance” as the most serious problem (average 8.0 on 0-10 scale), ahead of even fighting crime, gangs and drugs and improving education. While also seen as a problem, residents rated the “cost of prescription medication” significantly lower than health insurance (7.5 on 0-10 scale).

2. Residents make a clear distinction between the cost of brand and generic medications.

California residents are close to national norms when 66% say that prescription drug costs were ‘unreasonable’. However, when asked the same question about branded and generic medications specifically, **76%** thought brand medication costs were unreasonable, and **only 16%** thought generic medication costs were unreasonable.

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3. A slight majority initially support SB17.

Despite only 12% reporting that they had heard of the legislation, a little over half (53%) initially support the bill, 22% initially opposed it, and a quarter of residents were not sure.

When asked to select the best reason for their support, supporters were most likely to choose that something had to be done about costs (31% of supporters), and that all manufacturers had to be included for the measure to work (30%).

4. The most effective arguments for treating generic manufacturers differently were the impact on the disadvantaged, the possibility of costs going up, and possible drug shortages.

When asked to select the best reason for their opposition, opponents were most likely to choose that the measure could actually lead to higher generic costs for patients (32%).

Initial supporters of the measure were read of series of statements regarding generic manufacturers, and then asked if each would change their support for SB17. A majority of supporters cited the potential impact on the elderly and disadvantaged (55%); that generic costs could actually increase because of the measure (54%); and that the measure could lead to shortages (51%) as arguments that would change their support.

5. After hearing the facts about generic medication, a majority of residents no longer support SB17.

One-third of the initial supporters of SB17 felt proposed legislation should not lump both generic and brand manufacturers together and should reflect the unique business models and market dynamics they face. This shift drops the overall support for SB17 in its current form down to 34% - meaning 66% of respondents were not willing to support the bill in its current form.

Methodology

Findings are based on a telephone survey of 1,023 California adult residents. Interviewing took place on evenings and weekends from August 4-9, 2017.

A computer-generated random sample of telephone numbers was used to ensure that both listed and unlisted telephone numbers were called. Multiple callbacks were attempted to include respondents who were less likely to be at home. Approximately half of the interviews were completed with cell phones.

Interviews took an average of 12 minutes to complete. Interviews were conducted in English and Spanish.

The sample reflects regional, ethnic, gender and age distributions of the California adult population.

A random sample of 1,023 interviews is subject to a sampling error of +/- 3%.

Demographic Information

REGION

Bay Area	21%
Orange Co./San Diego	17%
Central Valley	19%
Inland Empire	10%
LA County	27%
Coastal	5%
Other	3%

GENDER

Male	48%
Female	52%

AGE

18-34 years old	25%
35-54 years old	35%
55-64 years old	20%
65+ years old	20%

ETHNICITY

African-American	6%
Asian/Pacific Islander	10%
Caucasian/White	41%
Hispanic	38%
Other/Unspecified	5%